

Message Text

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65

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03

LAB-04 SIL-01 PA-01 PRS-01 /083 W
----- 096174

R 282143Z MAY 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 4024

AMEMBASSY MANAGUA

INFO AMEMBASSY CARACAS

AMEMBASSY GUATEMALA

AMEMBASSY MEXICO

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

PAN CANAL

USSOUTHCOM

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EO 11652: N/A

TAGS: ETRD, EINV, PN

SUBJ: PROPOSAL TO PURCHASE UB OPERATIONS

REF: MANAGUA 1986

1. HOLMANN SCHEME FOR REGIONAL CONSORTIUM TO BUY UNITED BRANDS TROPICAL PRODUCTS MARKETING OPERATIONS PLUS ITS LOCAL PROPERTIES IS NOT LIKELY, AT FIRST BLUSH, TO APPEAR AS ATTRACTIVE TO PANAMA AS TO OTHER POTENTIAL PARTICIPANTS, SINCE GOP ALREADY HAS AGREEMENT IN PRINCIPLE WITH UB FOR SALE OF COMPANY'S LOCAL ASSETS TO GOVERNMENT. AGREEMENT HAS FOR THE MOST PART DEFUSED THIS POLITICALLY SENSITIVE ISSUE LOCALLY AND ALREADY PERMITS UTILIZATION BY GOP OF
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UNUSED UB LAND. THERE ARE, HOWEVER, A NUMBER OF

INDICATIONS THAT GOP HAS NOT YET SETTLED ON JUST HOW IT SHOULD FINALLY REARRANGE ITS RELATIONSHIP WITH UB AND THUS MIGHT BE WILLING TO EXPLORE NEW POSSIBILITIES, INCLUDING THAT OF REGIONALIZING ITS OWN PLANS FOR TAKE-OVER. PANAMA HAS TAKEN LEAD IN ATTEMPT TO COORDINATE BANANA POLICIES AMONG PRODUCERS THROUGH UPEB AND MIGHT CONSIDER A HOME-GROWN MULTINATIONAL FIRM WHICH SUBSTITUTES FOR UB AN EVEN MORE EFFECTIVE INSTRUMENT TO ACHIEVE SUCH COORDINATION.

2. A CONSORTIUM WHICH TURNED OUT TO BE MORE PRIVATE THAN PUBLIC MIGHT, HOWEVER, BE MORE DIFFICULT FOR PANAMA TO RECONCILE WITH ITS PRESENT PLANS. WE ALSO BELIEVE THAT PANAMA WOULD BE LIKELY TO COUNSEL CAUTION IN CONSIDERING A COMPLETE TAKE-OVER OF MARKETING OPERATIONS, HAVING NOTED AN INCREASING AWARENESS ON PART OF AT LEAST SOME GOP OFFICIALS OF FACT THAT TRANSPORT AND MARKETING OF BANANAS IS HIGHLY COMPLEX AND PROBLEMATIC BUSINESS. PANAMA HAS ALREADY EXPERIENCED PROBLEMS IN PRELIMINARY ATTEMPTS TO ARRANGE POLITICALLY-INSPIRED BANANA SALES TO THIRD WORLD. IT IS ALSO OUR

IMPRESSION FROM EARLIER DISCUSSIONS WITH UB REPS THAT COMPANY WAS NOT UNWILLING TO GET OUT OF BANANA-PRODUCING BUSINESS LOCALLY, BUT WAS QUITE INTENT ON HANGING ON TO ITS TRANSPORT AND MARKETING OPERATIONS, WHERE PROFITS WERE BEING MADE.

JORDEN

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Message Attributes

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